

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF ) CASE NO.  
CANNONSBURG WATER DISTRICT ) 2016-00415

ORDER

On December 1, 2016, Cannonsburg Water District (“Cannonsburg”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup> The Commission notified Cannonsburg by letter dated December 6, 2016, that the application failed to meet the minimum filing requirements and instructed Cannonsburg to respond within ten days. Cannonsburg submitted its response to the Commission’s deficiency letter on December 9, 2016, which cured the filing deficiencies, and the application was accepted for filing on that date.

The Commission notes that in its 2015 Annual Report, Cannonsburg reported a water loss of 27.9401 percent. Commission regulation 807 KAR 5:066, Section 6 (3), states that for ratemaking purposes a utility’s unaccounted-for water loss “shall not exceed fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations”. Reduction of Cannonsburg’s water loss to 15 percent would result in an approximate reduction to purchased water expense of

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

\$154,130.<sup>2</sup> The Commission strongly encourages Cannonsburg to pursue reasonable actions to reduce its water loss.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Cannonsburg purchases water from the city of Ashland (“Ashland”).
2. In a letter delivered November 15, 2016, Ashland notified Cannonsburg that Ashland’s wholesale rate to Cannonsburg would increase from \$2.83 per 1,000 gallons to \$2.94 per 1,000 gallons effective January 1, 2017.<sup>3</sup> Cannonsburg proposes to increase the water rates to its customers effective January 1, 2017, to reflect the increased cost of purchased water.
3. Cannonsburg proposes a purchased water adjustment factor of \$0.17 per 1,000 gallons.
4. During the 12 months ended October 31, 2016, Cannonsburg purchased 424,767,000 gallons of water from Ashland and 799,200 gallons of water from Big Sandy Water District (“Big Sandy”). During the same period, Cannonsburg sold 276,439,300 gallons of water. The increase in the cost of purchased water is \$46,724.37, resulting in a purchased water adjustment factor of \$0.17 per 1,000 gallons.
5. The purchased water adjustment factor of \$0.17 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

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<sup>2</sup> Purchased Water from 2015 Annual Report	\$ 1,191,100
Times: Water Loss Above 15 Percent	12.9401%
Purchased Water Expense Reduction	<u>\$ 154,130</u>

<sup>3</sup> TFS 2016-00654 (Ky. PSC Filed November 15, 2016); the tariff was accepted for filing by the Commission by letter dated December 12, 2016.

6. Cannonsburg misapplied the purchased water adjustment factor to its current rates. The rates proposed by Cannonsburg in its application should be denied.

7. The rates as set forth in Appendix B to this Order are fair, just, and reasonable and should be approved for water service rendered by Cannonsburg on and after January 1, 2017.

IT IS THEREFORE ORDERED that:

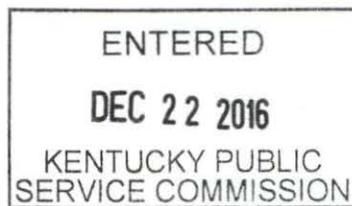
1. The purchased water adjustment factor of \$0.17 per 1,000 gallons is approved.

2. The rates proposed by Cannonsburg are denied.

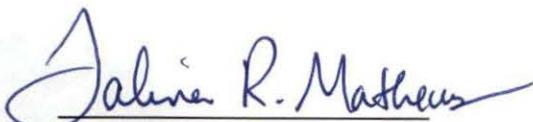
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Cannonsburg on and after January 1, 2017.

4. Within 20 days of the date of this Order, Cannonsburg shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2016-00415 DATED **DEC 22 2016**

	New Rate	Base Rate
Cannonsburg		
Purchases in gallons	424,767,000	424,767,000
Volumetric rate	\$ <u>2.94/1,000</u>	\$ <u>2.83/1,000</u>
	\$ 1,248,814.98	\$ 1,202,090.61
Big Sandy	No increase	
	Increased water cost	\$ 46,724.37
Increased water cost	\$ 46,724.37	
Divided by gallons sold/1,000	<u>276,439,302</u>	
Purchased water adjustment factor	\$ 0.1690	
	or \$ 0.17 per 1,000 gallons	

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2016-00415 DATED **DEC 22 2016**

The following rates and charges are prescribed for the customers in the area served by Cannonsburg Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Water Rates

##### 5/8- x 3/4-Inch Meter

First	2,000 gallons	\$24.34	Minimum Bill
Next	3,000 gallons	9.17	per 1,000 gallons
Next	15,000 gallons	8.42	per 1,000 gallons
Next	30,000 gallons	7.77	per 1,000 gallons
Next	50,000 gallons	7.42	per 1,000 gallons
Over	100,000 gallons	6.50	per 1,000 gallons

##### 1 1/2-Inch Meter

First	5,000 gallons	\$51.85	Minimum Bill
Next	15,000 gallons	8.42	per 1,000 gallons
Next	30,000 gallons	7.77	per 1,000 gallons
Next	50,000 gallons	7.42	per 1,000 gallons
Over	100,000 gallons	6.50	per 1,000 gallons

##### 2-Inch and 3-Inch Meters

First	20,000 gallons	\$178.15	Minimum Bill
Next	30,000 gallons	7.77	per 1,000 gallons
Next	50,000 gallons	7.42	per 1,000 gallons
Over	100,000 gallons	6.50	per 1,000 gallons

##### 6-Inch Meter

First	50,000 gallons	\$411.25	Minimum Bill
Next	50,000 gallons	7.42	per 1,000 gallons
Over	100,000 gallons	6.50	per 1,000 gallons

##### 12-Inch Meter

First	100,000 gallons	\$782.25	Minimum Bill
Over	100,000 gallons	6.50	per 1,000 gallons

Wholesale volumetric rate

Big Sandy Water District \$4.42 per 1,000 gallons

City of Greenup \$4.42 per 1,000 gallons

Leak Adjustment Rate \$4.38 per 1,000 gallons

\*Cannonsburg Water District  
1606 Cannonsburg Road  
Ashland, KY 41102

\*Tim Webb  
Cannonsburg Water District  
1606 Cannonsburg Road  
Ashland, KY 41105